

Response from Corporate Committee Chair

Fraud risk assessment

Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	Yes - The Council has a corporate fraud risk register in place which reviews the key fraud risk areas and is reviewed quarterly by Internal Audit. The risk of fraud and associated controls are discussed monthly as part of the Council's Statutory Officers Group.
What are the results of this process?	<p>The audit team have been pro-actively targeting housing tenancy fraud in 2013/14 as well as undertaking work to review potential fraud identified as part of the National Fraud Initiative data matching exercise.</p> <p>The Insurance Team also investigates claims against the Council for any potential fraud and has been successful in repudiating and prosecuting a significant fraudulent claim on behalf of Homes for Haringey.</p>
What processes does the Council have in place to identify and respond to risks of fraud?	<p>The Council has a corporate fraud risk register in place which reviews the key fraud risk areas and is reviewed quarterly by Internal Audit. The risk register is used to plan the pro-active counter-fraud work and highlight any emerging trends. The risk of fraud and associated controls are discussed monthly as part of the Council's Statutory Officers Group.</p> <p>The Council has a Counter-Fraud Policy and Strategy, together with a Fraud Response Plan, Whistle blowing Policy and HB Fraud Sanctions Policy, all of which have been approved by the Corporate Committee. The policies are all published on the website together with the free and confidential telephone and email reporting details.</p> <p>The Corporate Anti-Fraud Team and HB Fraud Investigation Team undertake pro-active and reactive investigations into fraud.</p>
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	<p>The audit team have been pro-actively targeting housing tenancy fraud in 2013/14 as well as undertaking work to review potential fraud identified as part of the National Fraud Initiative data matching exercise. The Corporate Committee receives update reports on actions taken and the outcomes achieved on a quarterly basis.</p> <p>The Insurance Team also investigates</p>

	claims against the Council for any potential fraud and has implemented a 'risk flag review' process which has been successful in repudiating and prosecuting a significant fraudulent claim on behalf of Homes for Haringey.
Are internal controls, including segregation of duties, in place and operating effectively?	Yes. An annual review of the Council's key financial systems, covering key risk areas and controls to manage the identified risks, is undertaken including walkthrough and compliance testing of controls on a sample basis. All key financial systems achieved a 'substantial' assurance rating from internal audit in 2013/14 and no high priority recommendations remain outstanding for this and all other areas.
If not, where are the risk areas and what mitigating actions have been taken?	N/A
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	Not that I have been informed of.
Are there any areas where there is a potential for misreporting?	Not that I have been informed of.
How does the Corporate Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	<p>The audit plan includes areas which cover systems across the Council and this also helps to provide members with assurance that the council's key risk areas are being reviewed.</p> <p>Copies of all final reports are sent to me as the Chair of the corporate committee and copies also go to each Cabinet member so we have the information and can decide whether any further action needs to be taken by members or officers.</p>
What arrangements are in place to report fraud issues and risks to the Corporate Committee?	<p>The Corporate committee's responsibilities cover audit and fraud and part of this includes reviewing and approving the Council's policies on Anti-Fraud, whistle blowing, and risk management.</p> <p>As the Chair of the Corporate Committee I receive details of compliance with the corporate risk management policy from the Head of Audit and we review the risk registers every six months to make sure that key risks are being managed. The policies which the Corporate committee review are all on the Council's website.</p>
How does the Council communicate and encourage ethical behaviour of its staff and contractors?	I have seen a number of press releases on successful prosecutions, especially housing benefit prosecutions where fraudsters have received custodial sentences, and internal audit also put articles in the staff newsletters, which are published on the staff intranet.
How do you encourage staff to report their concerns	The audit team have arranged for letters

<p>about fraud? Have any significant issues been reported?</p>	<p>and emails to go to all staff and members about how the Council expects everyone to behave and how to report fraud.</p> <p>Internal Audit report on a quarterly basis to the Corporate Committee and their report includes details of the work done by the fraud teams – this report includes details of any whistle blowing reports.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to risks of fraud?</p>	<p>Not that I have been informed of.</p>
<p>Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2013?</p>	<p>All the reports from the Head of Audit to the Corporate Committee have details of the investigation work completed by each of the audit teams. The Committee gets these reports on a quarterly basis and the reports cover all investigations which include cases of actual fraud and whistleblowing reports which have been received.</p> <p>The quarterly audit report has details of staff suspended and disciplinary actions taken and members have the chance to review and question managements actions.</p>

Law and regulation

Auditor Question	Response
<p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?</p>	<p>The internal audit programme of work reviews compliance with local and statutory regulations and covers the key risks facing the Council.</p> <p>Advice and guidance is provided to officers across the Council by Legal Services and Corporate Procurement departments on specific issues.</p> <p>Directors complete an annual assessment of governance processes in their directorates including compliance with relevant laws and regulations. No significant issues of non-compliance have been identified.</p>
<p>How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<p>Internal audits cover compliance with the Council's regulations and any statutory processes within each service and any areas where managers don't comply with these are highlighted and recommendations made.</p>
<p>How is the Corporate Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Head of Audit sends summary reports out to members on a monthly basis so we can take any action or ask the Head of Audit for any further work we think should be done. At the Corporate Committee, we receive details of all recommendations which haven't been implemented and we monitor these every quarter. We have asked Directors to attend meetings if members think that not enough action is being taken to implement recommendations.</p> <p>Members are satisfied that audit's recommendations are being addressed, and no high priority recommendations remain outstanding, but we have asked for follow up audit work to be done quickly in some cases to make sure that high risk areas are being dealt with appropriately.</p>
<p>Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2013?</p>	<p>No significant areas of non-compliance have been highlighted.</p>
<p>What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>All claims made against the council's insurance policies are managed by the in-house insurance team. The team use external claims handlers to assist with complex and injury related claims, all other claims are dealt with in-house. The Council has accepted the first £500k risk for each and every claim made against it and uses</p>

	its internal insurance fund to manage the claims. Directors complete an annual assessment of governance processes in their directorates including any litigation and claims issues.
Is there any actual or potential litigation or claims that would affect the financial statements?	No
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No